

**Management District Plan
FOR THE
Renewal
OF THE
WESTCHESTER TOWN CENTER
PROPERTY BUSINESS IMPROVEMENT
DISTRICT**

*Prepared February 2011 pursuant to the State of California
Property and Business Improvement District Law of 1994
to renew a Management District in the Westchester Town Center area , a community
within the
City of Los Angeles
By the
Westchester Business Improvement Association
and
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**“Westchester Town Center”
Property Business Improvement District
Management District Plan**

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I. OVERVIEW OF THE WESTCHESTER TOWN CENTER PROPERTY BUSINESS IMPROVEMENT DISTRICT

Introduction: A growing coalition of property and business owners, and members of the community, are proposing renewal of the Westchester Town Center Property Business Improvement District (hereinafter “District”) pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter the “State Law”). This document is the Management District Plan required by Section 36622 of the State Law. It proposes improvements, activities, and services that revitalize and enhance the area and convey special benefits to properties located within the boundaries of the Westchester Town Center District.

Name: “Westchester Town Center Property Business Improvement District.”

Location: The proposed District is located in the Westchester community, a commercial district in the City of Los Angeles that is centered along Sepulveda Boulevard between Los Angeles International Airport and just North of Manchester Boulevard. The West boundary runs generally along Sepulveda Westway, Westchester Parkway, and La Tijera Boulevard to Manchester Avenue. The East boundary runs generally along Sepulveda Eastway and La Tijera Boulevard to Manchester Avenue. Refer to the boundary description and map in the “Boundaries / Maps” section of this document for a more complete description of the District’s boundaries.

History: The Westchester Town Center Business Improvement District was originally created in 2007 by Ordinance No. 178878 of the Los Angeles City Council. This renewal will extend the life of the District by ten years and will add ten parcels to the boundaries of the District.

Services: The proposed District will fund improvements, activities, and services authorized under the State Law. Specifically, the District will provide improvements, activities, and services in the following program areas: (i) ambassador services; (ii) landscape maintenance, sanitation and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration.

The purpose of all improvements, activities, and services described in this Management District Plan is to specially benefit property in the District. No improvements, activities, or services will be provided outside District boundaries.

See the “Service Plan / Budget” section of this document for a more specific description of the improvements, activities, and services planned for the District.

Method of Financing: The improvements, activities, and services will be funded through a benefit assessment against real property in the District. The assessment formula has been designed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the improvements, activities, and services provided by the District. Generally, each parcel

fronting on Sepulveda Boulevard will be assessed \$0.0605 per square foot of lot size, \$0.0895 per square foot of improvement size, and \$7.6400 per linear foot of street frontage; and, each parcel fronting on any other street will be assessed \$0.0303 per square foot of lot size, \$0.0447 per square foot of improvement size, and \$3.8200 per linear foot of street frontage. Because parcels used as long term airport parking, vacant fenced lots, and multifamily residential purposes benefit from the District's improvements, activities, and services in a demonstrably reduced manner from other parcels in the District, they are assessed at a reduced rate. The assessments against these parcels are described in Section IV of this Plan.

Assessments will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles.

District assessments may be adjusted annually to reflect inflation at a rate not to exceed three percent (3%). In conjunction with required annual proceedings, the Owner's Association will notify the City of Los Angeles of any proposed inflationary adjustment.

During the ten-year renewal term of the District, it is likely that the improvements on some parcels in the District will change. The assessment against each parcel for any year will be based on the improvements actually present on the parcel as of the beginning of that year. Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely from changes to the parcel does not constitute an assessment "increase" requiring the conduct of a new Proposition 218 ballot proceeding.

Please see the "Assessment Formula" section of this document for additional details.

Budget: The proposed District budget is included in the "Service Plan" section of this document.

Bonds: The District will not issue bonds.

City Services: The base line services of the City of Los Angeles are not affected by the District's improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being established to provide enhanced or otherwise unavailable improvements, activities, and services within the boundaries of the District.

Duration: As required by State Law, the District will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of this period, the District may be renewed as permitted by law.

II. BUSINESS IMPROVEMENT DISTRICT BOUNDARIES

The Westchester Town Center Property Business Improvement District is centered along Sepulveda Boulevard. The boundaries of the District are shown on the map that follows this Section of this Plan. A list of the Los Angeles County Assessor's Parcel Numbers of each included parcel is provided in Appendix 1 of the document. Additional information regarding these boundaries, and a database of each included parcel, is provided in the Engineer's Report for the District, which is incorporated herein by reference, and included as Appendix 2 of this document. As a supplement to the referenced District maps, the boundaries of the proposed District are described below.

Northern Boundary.

- The Northern boundary of the District to the East of Sepulveda Boulevard beginning at the NEC of Sepulveda Boulevard and Manchester Avenue extends east along Manchester Avenue to the SWC of La Tijera Boulevard. It includes the medical office building and the commercial zoned parcels fronting on the South side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the North. Parcel 4107-035-017, which is included in the District, is a multi-story medical office building. A small residentially zoned parcel 4107-035-018 is included within the District and not assessed. A service station is located on 2 parcels on the NWC of Manchester Avenue and La Tijera (i.e. outside the District) but is not apart of the pedestrian oriented shopping district and is best understood as an arterial oriented use. An R2 zoned church use is located on the NEC of Manchester Avenue and La Tijera Boulevard that is not apart of the pedestrian oriented shopping district and is best understood as apart of the surrounding residential community. All other parcels located North of the District boundary (i.e. outside of the District) are developed with single-family residences, and zoned solely residential, which will not specially benefit from District improvements, activities and services. All parcels located within the District will specially benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.
- The Northern boundary of the District to the West of Sepulveda Boulevard beginning at the NWC of Sepulveda Boulevard and Manchester Avenue extends east along Manchester Avenue to the SEC of Sepulveda Westway. It includes the commercially zoned restaurant and auto service use parcels parcels 4108-019-028 and -029 and the commercial zoned parcels fronting on the South side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the North. Parcels to the North and West of the District boundary (i.e. outside the District) are zoned solely residential or are developed as

multi-family residential or parkway landscaping uses. These parcels are best understood as being part of a separate residential neighborhood to the North or West of the District. They will not specially benefit from District improvements, activities, or services and are therefore not included in the District. All parcels located within the District will specially benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Eastern Boundary.

- The Eastern boundary of the District continues at the SWC of Manchester Avenue and La Tijera Boulevard and extends Southwest along La Tijera Boulevard to its intersection with Sepulveda Eastway. It includes all corners of this intersection including: the commercially zoned parcels to the Northwest and West of La Tijera Boulevard; and the R-4 zoned parcel 4123-006-025 to the Southeast of the intersection of La Tijera Boulevard and Sepulveda Eastway. This boundary was selected to include the commercially zoned parcels that function as a pedestrian oriented shopping district, and to exclude residential parcels to the East and Southeast. The parcels located East of the intersection of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) are commercially zoned but not apart of the pedestrian oriented district and are best understood as arterial oriented uses. The parcels located Southeast of the intersection at Manchester Avenue and La Tijera Boulevard are single-family residential homes, zoned solely residential, which will receive no special benefit from District operations. All parcels located within the District will specially benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.
- The Eastern boundary of the District continuing at the intersection of La Tijera Boulevard and Sepulveda Eastway extends South along Sepulveda Eastway to the NEC of its intersection with Sepulveda Boulevard. This boundary was selected to include the commercially zoned parcels to the West that function as a pedestrian oriented shopping district. It also includes the R4 zoned multifamily apartment use 4123-006-012 and recreational use 4123-006-026, manufacturing zoned office use 4124-002-001, and fenced airport related parking lot 4124-002-916. The boundary was selected to exclude residential parcels to the East and non-contiguous airport use parcels to the East and Southeast. Single-family residential homes located to the East are zoned solely residential, which will receive no special benefit from District operations. All parcels located within the District will specially benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Southern Boundary.

- The Southern boundary of the District continues from the NEC of the intersection of Sepulveda Eastway and Sepulveda Boulevard and extends West along the South and West boundaries of parcel 4122-024-916, which is a developed park site that attracts visitors to the District and is therefore included within the District, to Sepulveda Westway at its intersection with 92nd Street. This boundary was selected to include the commercially zoned parcels to the North that function as a pedestrian oriented shopping district. All parcels located within the District will specially benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

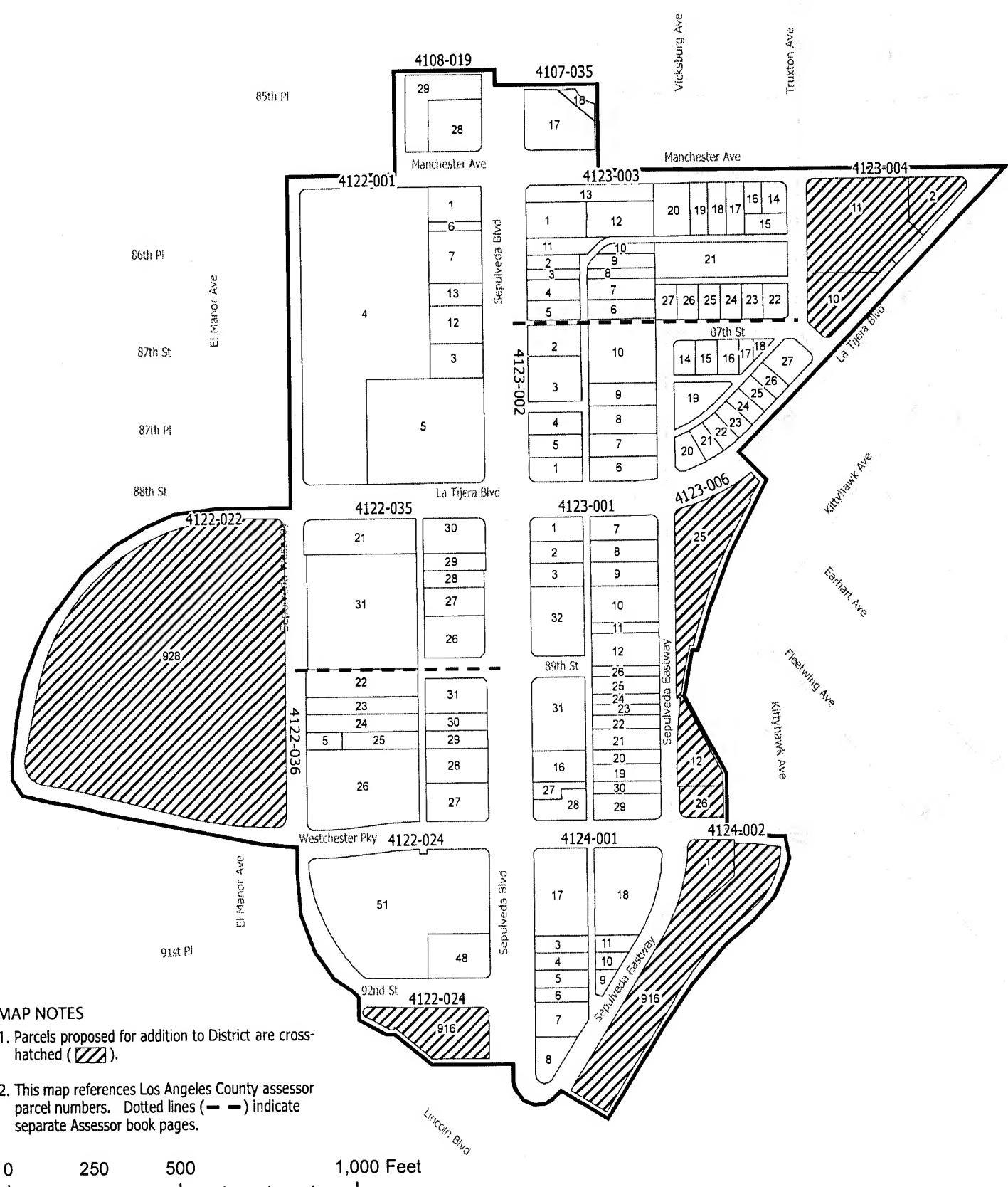
Western Boundary.

- The Western boundary of the District continues from the intersection of Sepulveda Westway and 92nd Street and extends North along Sepulveda Westway to Westchester Parkway then West along Westchester Parkway to La Tijera Boulevard, then Northeast along La Tijera Boulevard to Sepulveda Westway, including parcel 4122-022-928, then North along Sepulveda Westway to the SWC of Sepulveda Westway and Manchester Avenue at which point it intersects the Northern boundary. The Western boundary of the District along Sepulveda Westway, Westchester Parkway, and La Tijera Boulevard was selected to include all commercially zoned properties that function as a pedestrian oriented shopping district, and to include the fenced airport-related parcel 4122-022-928 located further West. This airport-related parcel is master planned for development as a mixed use commercial business park and is contiguous with the Westchester Town Center commercial area. Parcels beyond the boundary are airport-related parcels but are not presently connected with the Westchester Town Center commercial area and therefore have not been included within the District boundary. The Western boundary of the District along Sepulveda Westway North of 88th Street was selected to include all commercially zoned properties located within one (1) block of the Sepulveda Boulevard commercial corridor, and exclude all residential properties in residential use. Parcels to the West of the District boundary are zoned solely for residential use and developed with single-family residences (APN 4122-002-002 through -003, -008, -014, -017 through -018, -020 through -022, -024 through -027; and APN 4122-003-015 through -016). All parcels located within the District will specially benefit from the improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Future District Annexation Area

The District may, during the life of this renewal, request that the City conduct proceedings to annex to the District certain landscaped parcels located along Sepulveda Boulevard to the North of the District's boundaries. Such annexation will require a separate assessment ballot proceeding.

Westchester Town Center District Boundary and Parcels



III. PROPOSED DISTRICT SERVICE PLAN / BUDGET – 2012 THROUGH 2021

The District will provide the following improvements, activities, and services as consistent with the provisions of the State Law: (i) ambassador services; (ii) landscape maintenance, sanitation, and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration. These services are described in greater detail below.

The District will operate on a fiscal year that begins on January 1 and ends on December 31 of each calendar year. In years in which annual District assessments do not fully fund all of its costs, funds from its contingency and cash flow reserves may be budgeted to close the gap. The contingency and cash flow reserve is a fund maintained to accommodate the timing lag between the time that the District incurs costs and the time that it receives funds. Also, the District may carry forward uncompleted projects or unexpended assessment revenues from prior fiscal years in order to most effectively and efficiently manage its operations. Carryover funds may also be re-budgeted for subsequent fiscal years for any District improvements, activities, and services described in this Plan. Accumulated interest or delinquent assessment payments may be expended for any of the improvements, activities, and services described in this Plan.

The Owners' Association will have the responsibility to enter contracts with service providers and consultants, hire staff, and manage the day-to-day affairs of the District. The Owner's Association will have the ability to make adjustments to the budget categories as dictated by the needs of the District and in accordance with the terms and conditions of the contract with the City of Los Angeles

Special Projects Account. Funds that have accrued through December 31, 2011 to the Westchester Town Center Business Improvement District will be placed in a "Special Projects Account." The Owner's Association may utilize this account to pay for one-time special expenses, capital improvements, and infrastructure repairs solely within the boundaries on the 2007 – 2011 District and not within the territory added to the District by this renewal. The amount of funding that will be held in this account is unknown at the time of this writing but is estimated to be about \$100,000. Additionally any delinquent assessments from the 2007 – 2011 tax years that are paid after December 31, 2011 will accrue to this Special Projects Account.

District Dissolution. In the event that the Westchester Town Center District ends either as a result of the disestablishment process or through its natural expiration in 2021, then funds will be set aside from the District in its final year of operation to remove landscaping, equipment, street furniture, trash receptacles, and other District improvements and property for which a future caretaker would not exist. The purpose of this provision is to avoid the creation of future damage and maintenance liabilities in the public right of way.

All of the improvements, activities, and services described below are provided only within the boundaries of the District and provide a special benefit to the property owners

of the proposed District. No improvements, activities, or services will be provided outside District boundaries. Consequently, any potential general benefits are intangible and not quantifiable.

The following are the key expenditure categories or program areas of the District service plan / budget:

A. AMBASSADOR SERVICES

The purpose of the Ambassador Services Program is to provide a uniformed presence to assessed parcels that will observe and respond to situations in the vicinity of those parcels and their parking facilities. Ambassadors will enhance the comfort level of customers, employees, visitors, owners and tenants as they travel to and from assessed parcels.

Ambassadors may operate via vehicle, bicycle, or foot patrols. These personnel provide directions or assistance, serve as a liaison to the City's police and City Attorney services, warn and advise trespassers and panhandlers, and respond to visitor inquiries. A business district that is comfortable for its stakeholders enhances quality of life and promotes economic vitality and business growth. The ambassadors will be deployed at such times and in such a manner as the District deems most effective and efficient to achieving it purpose. This practice will allow for cost savings when service needs are not present. For the purpose of establishing a budget estimate, one eight-hour shift per day of a single unarmed contract ambassador has been projected.

The Westchester Town Center may also contract for the provision of services or the coordination of services for the homeless in order to achieve the Ambassador Program purposes. In the past, the District has contracted with a greater Los Angeles area non-profit organization, People Assisting the Homeless (PATH), to achieve this goal. For the purpose of establishing a budget estimate, the District's historical experience in providing such services has been projected.

If deemed feasible by the District's Owner's Association, parking management or enforcement services may be provided as permitted by State Law in order to achieve the Ambassador Program purpose.

Ambassador Program services will specially benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel. . No improvements, activities, or services will be provided outside of the District's boundaries.

B. LANDSCAPE MAINTENANCE, SANITATION, and BEAUTIFICATION

The purpose of the Landscape Maintenance, Sanitation, and Beautification Services Program is to maintain the sidewalks and landscaped public areas

adjacent to each assessed parcel at a level of sanitation and attractiveness higher than would exist with only baseline City services.

A uniform standard of operation, maintenance, cleanliness, and beauty will be established throughout the entire District. A clean, well maintained and attractive business district enhances the quality of life and contributes to an improved business climate. Maintenance services may be provided by either staff working for the District or by contractor(s) to the District, or a combination of both. These activities may include, but are not necessarily limited to, the following: sidewalk sweeping; public alley sweeping; sidewalk pressure washing; graffiti removal; sticker removal; street litter pick-up; planting of new or replacement trees; and, irrigation, operation, and maintenance of landscaping, trees, public art, signage, lighting, and other improvements that may be installed by the District, the City, or other entities. For the purpose of establishing budget estimates, the District's historical experience in providing such services has been projected.

If deemed feasible by the District's Owner's Association, public alley repaving, drainage improvements, or parking lot maintenance services may be provided as permitted by State Law in order to achieve the Landscape Maintenance, Sanitation, and Beautification Services Program purpose in the District.

Monies may be set aside each year to pay for special capital improvements (e.g. palm tree lights, etc.), infrastructure repair (e.g. broken sidewalks, etc.), holiday decorations, Flight Path Plaques, or other similar improvements. These improvements will benefit only the assessment paying parcels in the District by improving the area in a manner that attracts business and customers. These are improvements, activities, or services not otherwise provided by the City of Los Angeles.

The District Owner's Association will endeavor to obtain available public or private funding to leverage (or magnify) its assessment revenues for the installation of streetscape, landscape, sanitation, beautification, or other improvements, activities, or programs throughout the District. The District may provide funding for urban design, planning, economics, grant preparation, or other support services, or grant matching funds to accomplish such ends.

Landscape Maintenance, Sanitation, and Beautification Program services will specially benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel. No improvements, activities, or services will be provided outside of the District's boundaries.

C. MARKETING AND PROMOTIONS

The purpose of the Marketing and Promotions Program is to promote the business activities and opportunities occurring on assessed parcels in the District.

Marketing, promotions, and public relations initiatives will disseminate information and awareness about Westchester Town Center's identity, brand, and business opportunities to convey a positive image to consumers, visitors, and investors. Such initiatives may include, but are not limited to, the following: street banners; holiday decorations; a website; a newsletter; special printing, graphics or advertising; public relations activities; special events or activities; placement of promotional materials in various media; creation and operation of "shop local" incentive programs; etc. The District may use any available effective media for these initiatives.

Marketing and Promotions Program services will specially benefit each assessed parcel in the District because they will promote the business activities and opportunities occurring on these parcels. The District will not market or promote activities and opportunities outside of the District's boundaries.

D. NEW BUSINESS ATTRACTION

The purpose of the New Business Attraction Program is to attract businesses to assessed parcels in the District.

New business attraction efforts will provide growth in the number of businesses, increase the size of existing business, and new opportunities for Westchester Town Center property and business owners. These efforts may focus of specific new businesses, general future expansion that significantly affects the District, and may be undertaken by District employees or contractors. In the past the District has sponsored an Urban Land Institute Technical Advisory Panel, the preparation of economic analysis, and outreach to LAX to achieve these ends.

New Business Attraction Program services will specially benefit each assessed parcel in the District by attracting tenants to such parcels and helping to maintain a high occupancy rate in the District.. No services will be provided outside of the District's boundaries.

E. POLICY DEVELOPMENT, DISTRICT MANAGEMENT, and ADMINISTRATION

The purpose of Policy Development, District Management, and Administration is to develop programs that will support assessed parcels and provide the professional leadership necessary for the management of the District's improvements, activities and services.

This budget category collects District costs for implementing the other identified direct services provided to District property and business owners. Development of policies that seek to promote Westchester Town Center business, and effective and efficient District management / administration are the products of these

services. Such efforts may produce changes that enhance business at a number of levels: within the business improvement district organization; within other community based organizations; at City Hall and its various departments; in Sacramento; and nationally. The District will seek grant funding and non-assessment financial support through these services. The District will seek “co-partnerships” with governmental, non-profit, and private sector organizations through these services. The District will be managed / administered by a professional manager who may utilize administrative and technical support as needed that would be provided by this budget item. Positions that may be utilized by the District, include, but are not limited to, the following: an executive director, clerical assistance, field maintenance assistance, and an ambassador. These positions may be either District employees or contract service providers as determined to be the best interests of the District by the Owner’s Association.

Policy Development, District Management, and Administration services will specially benefit each assessment-paying parcel located within the District. No improvements, activities, or services will be provided outside of the District’s boundaries..

F. OFFICE, INSURANCE, ACCOUNTING, and OTHER

The purpose of the Office, Insurance, Accounting, and Other expenses budget item is to fund the “overhead” associated with providing the District’s services to assessed parcels.

Various District office supply, material, insurance, accounting, bookkeeping, service, rental, and other necessary expenses are included in this budget category.

Office, Insurance, Accounting, and Other expenses are incurred only when associated with the provision of improvements, activities, and services that specially benefit each assessed parcel in the District. No improvements, activities, or services will be provided outside of the District’s boundaries

WESTCHESTER PBID SERVICE PLAN
MULTI YEAR BUDGET
2012 - 2021

Item		Year #1	Year #2	Year #3	Year #4	Year #5	Year #6	Year #7	Year #8	Year #9	Year #10	TOTAL
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Annual Budget Costs												
A. Ambassador	\$36,600	37,698	\$38,829	\$39,994	\$41,194	\$42,429	43,702	\$45,013	\$46,364	\$47,755	\$419,578	
B. Landscape Maintenance, Sanitization, & Beautification	\$100,006	103,006	106,096	109,279	112,558	\$115,934	119,412	122,995	126,685	130,485	\$1,146,457	
C. Marketing & Promotions	\$48,000	49,440	50,923	52,451	54,024	\$55,645	57,315	59,034	60,805	62,629	\$550,266	
D. New Business Attraction	\$10,000	10,300	10,609	10,927	11,255	\$11,593	11,941	12,299	12,668	13,048	\$114,639	
E. Policy Dev, Management & Administration	\$62,000	63,860	65,776	67,749	69,782	\$71,875	74,031	76,252	78,540	80,896	\$710,761	
F. Office, Insurance, Accounting & Other	\$34,000	35,020	36,071	37,153	38,267	\$39,415	40,598	41,816	43,070	44,362	\$389,772	
Sub Total	\$290,606	<u>\$299,324</u>	<u>\$308,304</u>	<u>\$317,553</u>	<u>\$327,080</u>	<u>\$336,892</u>	<u>\$346,999</u>	<u>\$357,409</u>	<u>\$368,131</u>	<u>\$379,175</u>	<u>\$3,331,472</u>	
G. Uncollected Assessment Reserve	\$10,000	<u>10,300</u>	<u>10,609</u>	<u>10,927</u>	<u>11,255</u>	<u>11,593</u>	<u>11,941</u>	<u>12,299</u>	<u>12,668</u>	<u>13,048</u>	<u>\$114,639</u>	
GRAND TOTAL BUDGET		\$300,606	\$309,624	\$318,913	\$328,480	\$338,335	\$348,485	\$358,939	\$369,707	\$380,799	\$392,223	\$3,446,111

NOTE: The District will endeavor to reduce and/or supplement budgeted expenditures through donations and prudent management practices. All District assessments are subject to inflationary increases based upon movement in the Los Angeles – Orange – Riverside Consumer Price Index for All Urban Consumers, not to exceed three per cent (3%) per fiscal year. The maximum assessment level is assumed above. Some shifting of actual expenditures from the above budget may occur. The District Fiscal Year will be January 1 through December 31 of each calendar year. Contingency and cash flow reserve funds may be used in any fiscal year. Unexpended assessments or incomplete projects from one fiscal year may be carried forward and rebudgeted for subsequent fiscal years for any approved District operations may be carried forward and rebudgeted for any renewal term.

IV. PROPOSED MANAGEMENT DISTRICT ASSESSMENT FORMULA

Revenues to fund District Service Plan costs will be generated by an annual special assessment against each parcel in the District. The amount of the special assessment against each parcel reflects the relative special benefit that parcel will derive from District services.

The annual rate of the assessment will be \$0.0605 per square foot of lot size for parcels fronting on Sepulveda Boulevard and \$0.0303 per square foot of lot size for parcels fronting on other streets; \$0.0895 per square foot of improvement for parcels fronting on Sepulveda Boulevard and \$0.0447 per square foot of improvement for parcels fronting on other streets; \$7.6400 per linear foot of street frontage on Sepulveda Boulevard, \$3.8200 per linear foot of street frontage on other streets. Assessment rates will be adjusted annually according to the change in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

These assessment rates were designed so that one-third (33.33%) of the total assessment will be based on lot size, one-third (33.33%) will be based on improvement size, and one-third (33.33%) based on street frontage. These three factors, taken together, better reflect the benefits derived by different types of land uses and parcels than would any single factor. The differential rates for lot size, improvement size, and frontage on different streets reflects the fact that Sepulveda Boulevard is the pedestrian hub of the area, so a parcel with frontage on this street derives a higher level of benefit than does a parcel with similar frontage on another street in the District. Please see the Engineer's Report for additional detail.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Fenced vacant lots will be assessed only on the basis of street frontage. For purposes of this paragraph, a "fenced vacant lot" is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage and (ii) the parcel is fenced from public access from within the District; and, (iii) no services are provided to the general public on the parcel. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage purposes are: (i) a unique low density use; and, (ii) benefit from street frontage maintenance services, but not more generally from activities designed to attract visitors and customers to the District.

Parcels accessible from within the District and used exclusively for long term airport parking will be assessed only on the basis of parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking is a not

ancillary to other land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Multifamily Residential parcels will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

A list of the parcels to be included in the District is provided in Appendix 1 of this document. The Engineer's Report provides a full database including the proposed 2010 assessments for each parcel included within the District.

For a more complete description of the methodology used to determine these rates, please refer to the Engineer's Report for the District, which is incorporated herein by reference, and included in Appendix 2 of this document.

During the ten-year renewal effective term of the District, it is likely that some of the improvements on some parcels within the District will change, will be developed with additional commercial improvements, or will see the demolition of existing improvements. The assessment against each parcel for any year will be based on the improvements actually present on the parcel at the beginning of that year. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in the Engineer's Report (see Step 5 on Page ER-13). Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely from changes to the parcel does not constitute an assessment "increase" requiring the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula itself is changed.

V. CONTINUATION OF CITY SERVICES / CITYWIDE BASE LEVELS of SERVICE

The base line services of the City of Los Angeles are not affected by the District's improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being renewed to provide enhanced or otherwise unavailable improvements, activities, and services within the boundaries of the District.

VI. PUBLICLY OWNED PARCELS

The State Law requires that all publicly owned parcels within the District be assessed as any other similarly situated private parcel unless the affected public agency demonstrates by clear and convincing evidence that those publicly owned parcels, in fact, receive no special benefit. The publicly owned parcels and their respective annualized assessment amounts for 2012 are shown below:

CITY of LOS ANGELES PARCELS (LOS ANGELES WORLD AIRWAYS)

	APN #	Address	Owner	Total PBID Assessment
1	4122-022-928	N/A per Assessor Data	LA City	\$3,331.03
2	4122-024-916	N/A per Assessor Data	LA City	\$4,728.86
3	4124-002-916	N/A per Assessor Data	LA City	\$1,887.07
		City of Los Angeles (3.31% of total assessments)		Sub Total
				\$9,946.96

See the Engineer's Report for additional information about the publically owned parcels.

VII. PROPOSED IMPLEMENTATION TIMETABLE

The following timetable is proposed for the Westchester Town Center business improvement district renewal:

<u>DATE</u>	<u>ACTIVITY</u>
November 2010	1 st draft Management District Plan / Engineer's Report.
November 2010	Approval of all assessment data by City Clerk's Office.
December 2010	1 st draft Management District Plan / Engineer's Report to City Clerk's Office.
February 2011	Management District Plan / Engineer's Report revisions with City Clerk's Office
March 2011	Petitions circulated to all property owners.
April 2011	Petitions submitted to City Clerk's Office & City Council.
May 2011	City Council adoption of Ordinance of Intention to Form BID.
June 2011	Proposition 218 ballot election.
July 2011	Final City Council hearing and ballot counting.
July 2011	First reading of Ordinance Establishing PBID.
July 2011	Approval of new City Contract for BID administration. City Clerk initiates PBID assessment collection process for initial year.
December 2011	Original BID ceases operations.
January 2012	Renewed BID begins program of operations.

As provided by State Law, the new Westchester Town Center business improvement district will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of that period, the District may be renewed as permitted by State Law. If the District is not renewed or is otherwise terminated for any reason, all unexpended assessment funds will be returned to property owners as required by State Law following the removal of all District improvements and property from the public right of way as described Service Plan Budget section of this Management District Plan.

VIII. DISTRICT GOVERNANCE

State Law establishes a framework for District governance with City Council oversight and local, private sector management as described below:

A. Owner's Association

The City will enter into a contract with a private, non-profit entity designated as an "owner's association" to administer and implement services, improvements, and programs described in the Management District Plan. The owner's association may be an existing or newly formed nonprofit entity. The owner's association will be a private entity, governed by a Board of Directors and created pursuant to its adopted Bylaws. Notwithstanding this, the owner's association will observe the requirements of the Ralph M. Brown Act that establishes standards for public meetings and the California Public Records Act that establishes standards for maintaining public records concerning District operations. Among its other responsibilities, the Owner's Association will prepare an annual report with respect to District operations as required by Section 36650 of the State Law.

B. Professional Staff

The Board of Directors of the owner's association will employ an Executive Director whose duty it is to implement all of the services, improvements, and programs; and, to supervise all subordinate District staff on a day-to-day basis. The Executive Director is responsible to the Board of Directors through their policy direction and budgets.

C. Staff Neutrality

The professional staff is charged by the Board of Directors with a mission of performing administrative functions in the most efficient and effective manner possible. At times, District assessment payers may have conflicting needs or desires that may be dependent upon a staff choice or decision. In such circumstances, if the Board of Directors has not clearly provided direction, staff should refer such choices to the Board of Directors for decision.

Appendix 1:
District Parcel List & 2012 Assessments

Westchester Town Center PBID Renewal Property Information

ORIGINAL BID PARCELS

0	APN	Legal Owner	Site Address
1	4107-035-017	Westchester Medical Plaza LLC	8540 S. Sepulveda
2	4107-035-018	Westchester Medical Plaza LLC	8540 S. Sepulveda
3	4108-019-028	Conocophillips Company	8525 S. Sepulveda
4	4108-019-029	BOARD HOLDINGS WESTCHESTER LLC ET AL	8521 S. Sepulveda
5	4122-001-001	RFA LOS ANGELES LP LESSOR	8601 S. Sepulveda
6	4122-001-003	KLA Westchester LLC (Lubert Adler West)	8655 S. Sepulveda
7	4122-001-004	KLA WESTCHESTER LLC	8739 S. Sepulveda
8	4122-001-005	KLA Westchester LLC (Lubert Adler West)	8739 S. Sepulveda
9	4122-001-006	KLA Westchester LLC (Lubert Adler West)	8611 S. Sepulveda
10	4122-001-007	Sepulveda 2001 LLC / TJ Maxx	8621 S. Sepulveda
11	4122-001-012	KLA WESTCHESTER LLC	8645 S. Sepulveda
12	4122-001-013	KLA Westchester LLC (Lubert Adler West)	8629 S. Sepulveda
13	4122-024-048	D & D Westchester Investments LLC (In & Out)	9139 S. Sepulveda
14	4122-024-051	Drollinger, Howard B. Tr.	
15	4122-035-021	Ella L. Drollinger CO	8801 S. Sepulveda
16	4122-035-026	ELD Supermarket LP	8831 S. Sepulveda
17	4122-035-027	ELD Supermarket LP	8825 S. Sepulveda
18	4122-035-028	ELD Supermarket LP	8819 S. Sepulveda
19	4122-035-029	ELD Supermarket LP	8817 S. Sepulveda
20	4122-035-030	Ella L. Drollinger CO	8801 S. Sepulveda
21	4122-035-031	ELD Supermarket LP	8825 S. Sepulveda
22	4122-036-005	ELD Supermarket LP	
23	4122-036-022	ELD Supermarket LP	8900 Sepulveda Westway
24	4122-036-023	ELD Supermarket LP	
25	4122-036-024	ELD Supermarket LP	
26	4122-036-025	ELD Supermarket LP	
27	4122-036-026	Drollinger, Howard & Jewel Tr.	8928 S. Sepulveda
28	4122-036-027	Drollinger, Howard & Jewel Tr.	8939 S. Sepulveda
29	4122-036-028	Drollinger, Howard & Jewel Tr.	8929 S. Sepulveda
30	4122-036-029	ELD Supermarket LP	8919 S. Sepulveda
31	4122-036-030	ELD Supermarket LP	8913 S. Sepulveda
32	4122-036-031	ELD Supermarket LP	8901 S. Sepulveda
33	4123-001-001	Drollinger Investments	8800 S. Sepulveda
34	4123-001-002	Lucas, Katherine	8806 S. Sepulveda
35	4123-001-003	HFH Westchester I LLC	8814 S. Sepulveda
36	4123-001-032	HFH Westchester I LLC	8814 S. Sepulveda
37	4123-001-007	Drollinger Investments	8800 S. Sepulveda
38	4123-001-008	Lucas, Katherine	
39	4123-001-009	HFH Westchester I LLC	
40	4123-001-010	HFH Westchester I LLC	
41	4123-001-011	HFH Westchester I LLC	
42	4123-001-012	HFH Westchester I LLC	
43	4123-001-016	Drollinger, Howard J.	8930 S. Sepulveda
44	4123-001-019	Drollinger, Howard J.	
45	4123-001-020	Drollinger, Howard J.	
46	4123-001-021	Rosenson Properties LLC	
47	4123-001-022	Rosenson Properties LLC	
48	4123-001-023	Rosenson Properties LLC	
49	4123-001-024	Rosenson Properties LLC	
50	4123-001-025	Rosenson Properties LLC	8901 Sepulveda Eastway
51	4123-001-026	Drollinger Investments	8901 S. Sepulveda
52	4123-001-027	Codman, Murray, & Laverne Tr.	8936 S. Sepulveda
53	4123-001-028	Bank of America NT & SA	8942 S. Sepulveda
54	4123-001-029	Bank of America NT & SA	
55	4123-001-030	Codman, Murray, & Laverne Tr.	
56	4123-001-031	Rosenson Properties LLC	8900 S. Sepulveda

Westchester Town Center PBID Renewal Property Information

57	4123-002-001	First Federal Bank of CA	8750 S. Sepulveda
58	4123-002-002	Pepper, Lane, Hamilton, Leigh LLC	8704 S. Sepulveda
59	4123-002-003	WRM Investment Co. LP	8722 S. Sepulveda
60	4123-002-004	Westchester Partners LLC	8730 S. Sepulveda
61	4123-002-005	8740 Sepulveda LLC	8740 S. Sepulveda
62	4123-002-006	First Federal Bank of CA	8750 S. Sepulveda
63	4123-002-007	8740 Sepulveda LLC	8732 S. Sepulveda
64	4123-002-008	Westchester Partners LLC	
65	4123-002-009	WRM Investment Co. LP	
66	4123-002-010	Pepper, Lane, Hamilton, Leigh LLC	8700 S. Sepulveda
67	4123-002-014	Mittell, Larry C & Allen E ETAL	6238 S. Sepulveda
68	4123-002-015	GITTINS IAN AND FARRELL GITTINS TERI	6230 W. 87th St.
69	4123-002-016	6214 W 87TH LLC	6212 W. 87th St.
70	4123-002-017	Jay, Harold J. & Sherry A. Tr.	6208 W. 87th St.
71	4123-002-018	Sperbeck, Glenn L. Co Tr.	6206 W. 87th St.
72	4123-002-019	Westchester Association	8720 Sepulveda Eastway
73	4123-002-020	Arinsberg, Stanly Co Tr.	8751 La Tijera Blvd.
74	4123-002-021	Thompson, Robert H. Tr.	8737 La Tijera Blvd.
75	4123-002-022	Nicholson, Samuel W. Co Tr.	8733 La Tijera Blvd.
76	4123-002-023	Pursuit, Craig B. & Carol P. Tr.	8729 La Tijera Blvd.
77	4123-002-024	Pursuit, Craig B. & Carol P. Tr.	8721 La Tijera Blvd.
78	4123-002-025	Pursuit, Craig B. & Carol P. Tr.	8717 La Tijera Blvd.
79	4123-002-026	Rosenberg, Robert & Lillian Tr.	8711 La Tijera Blvd.
80	4123-002-027	FINK FRED AND MARCIA J TR ET AL FINK	8701 La Tijera Blvd.
81	4123-003-001	ABDI Loyola Medical Building	8608 S. Sepulveda
82	4123-003-002	HBD Inc.	8620 S. Sepulveda
83	4123-003-003	Cehreli, Halit Tr.	8626 S. Sepulveda
84	4123-003-004	Drollinger, Howard & Jewel Tr.	8636 S. Sepulveda
85	4123-003-005	Drollinger, Howard & Jewel Tr.	8636 S. Sepulveda
86	4123-003-006	Drollinger, Howard & Jewel Tr.	
87	4123-003-007	Drollinger, Howard & Jewel Tr.	
88	4123-003-008	Cehreli, Halit Tr.	
89	4123-003-009	HBD Inc.	
90	4123-003-010	8618 Sepulveda LLC	
91	4123-003-011	8618 Sepulveda LLC	8618 S. Sepulveda
92	4123-003-012	ABDI Loyola Medical Building	
93	4123-003-013	Westchester Sepulveda Group	8600 S. Sepulveda
94	4123-003-014	Bruce, Gloria B. Tr.	6200 W. Manchester Ave.
95	4123-003-015	Gilboy, Philip J. & Sherry (Heather Lemmon)	8611 Truxton Ave.
96	4123-003-016	Mescher, Thomas J. Tr.	6208 W. Manchester Ave.
97	4123-003-017	Haro, Francisco J. Co Tr.	6212 W. Manchester Ave.
98	4123-003-018	Landoch, Michael & Angela	6218 W. Manchester Ave.
99	4123-003-019	6222 W MANCHESTER	6222 W. Manchester Ave. #B
100	4123-003-020	6232 Manchester LLC	6232 W. Manchester Ave.
101	4123-003-021	Westchester Association	8617 Truxton Ave.
102	4123-003-022	Westchester 96 LLC	6201 W. 87th St.
103	4123-003-023	Wilson, Geoffrey M. & Eva E.	6225 W. 87th St.
104	4123-003-024	Westchester Triangle 8	6229 W. 87th St.
105	4123-003-025	Westchester Triangle 8	6235 W. 87th St.
106	4123-003-026	Mahagama, Cosmas Co Tr.	6245 W. 87th St.
107	4123-003-027	Mahagama, Cosmas Co Tr.	6259 W. 87th St.
108	4124-001-003	Marincovich, Bernadette Tr.	9132 S. Sepulveda
109	4124-001-004	Broder, Alan E. Tr.	9136 S. Sepulveda
110	4124-001-005	Broder, Alan E. Tr.	9142 S. Sepulveda
111	4124-001-006	Eddings, Ronald A. & David G.	9200 S. Sepulveda
112	4124-001-007	Segal, Robert E. Co Tr.	9210 S. Sepulveda
113	4124-001-008	Balabanian, Setrak	9216 S. Sepulveda
114	4124-001-009	Broder, Alan E. Tr.	
115	4124-001-010	Dial, Kenneth P. Tr ETAL	
116	4124-001-011	Marincovich, Bernadette Tr.	9132 S. Sepulveda
117	4124-001-017	Drollinger, Howard & Jewel Tr.	9100 S. Sepulveda
118	4124-001-018	Drollinger, Howard & Jewel Tr.	

Westchester Town Center PBID Renewal Property Information

BID RENEWAL PARCEL ADDITIONS

119	4122-022-928	LA City (LAWA)	Behind AOC
120	4122-024-916	LA City (LAWA)	Sepulveda Blvd
121	4123-004-002	BFS Retail & Com'l Operations	6110 W Manchester Ave
122	4123-004-010	Schwab, Robert H et al	8651 La Tijera Blvd
123	4123-004-011	Schwab, Robert H et al	6136 W Manchester Ave
124	4123-006-012	Manchester Square 2 LLC	8910 Sepulveda Eastway
125	4123-006-025	Christian Church Pacific, Southwest Region	8740 La Tijera Blvd
126	4123-006-026	Los Angeles Turners Inc	8946 Sepulveda Eastway
127	4124-002-001	St John Land Co	9100 S Sepulveda
128	4124-002-916	LA City (LAWA)	Sepulveda Eastway

Appendix 2:
Proposition 218 Engineer's Report

ENGINEER'S REPORT

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit assessments proposed to be levied annually beginning in January 2012 and through and including December 2021 within the Westchester Town Center Property Business Improvement District (the “District”). The assessments levied in connection with the District will be levied against parcels of real property, not businesses. Assessments will be collected on the tax roll so, for example, the assessment to fund calendar year 2012 operations will be collected on the 2011-12 tax roll.

Background

The District is a property-based assessment district established pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter “State Law”). The State Law authorizes an assessment to fund various services, activities, improvements, and programs (referred to herein collectively as “Services”), provided in connection with a Business Improvement District. The costs of these Services are distributed among all parcels benefiting from the Services based on the proportional benefit each receives from the improvements provided. Only those properties expected to benefit from funded Services may be assessed.

This Engineer’s Report was prepared in support of the Management District Plan for the District. Reference is made to the Management District Plan (which is incorporated herein by reference) for a more complete description of the improvements to be funded with the proposed assessment.

Proposition 218 Requirements

Article XIID of the California Constitution, approved by the voters in 1996 as Proposition 218, requires that assessment methodologies meet certain requirements. Key provisions of Proposition 218 together with a description of how the District complies with each are described below.

Finding 1: “Identify all parcels which have a special benefit conferred upon them and upon which an assessment will be imposed” (From Section 4(a)).

There are 128 identified parcels within the District that will specially benefit from its proposed Services. These parcels are shown on the boundary map of the District contained within the Management District Plan, and listed in an attachment to the Management District Plan and this Engineer’s Report. This list identifies these parcels by Assessor’s Parcel Number, property owner name, and site address.

Parcels were identified for inclusion based upon their location. The purpose of the proposed District is to provide Services to parcels in the Westchester Town Center commercial area, located along Sepulveda Boulevard between just South of 92nd Street and just North of Manchester Avenue. Like many commercial areas in Los Angeles, the Westchester Town Center is a narrow strip, which is approximately one to two blocks deep on each side of Sepulveda Boulevard and substantially surrounded by residential neighborhoods. Consequently, as a general rule, all commercial parcels located within two blocks of Sepulveda Boulevard (along with airport parcels facing the commercial district) were included in the District, while the surrounding residential neighborhoods were not. Parcels zoned solely for residential use are excluded from the District or not assessed because, pursuant to Section 36632(c) of the Law, they are deemed not to benefit from District activities.

In order to ensure that parcels outside of the District will not specially benefit from the Services funded with the assessment, Services will only be provided within the boundaries of the District. Specifically, ambassador patrols, landscaping staff, maintenance / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services on the streets and sidewalks within the District and will not provide services outside of District boundaries. Similarly, the District will not fund new landscaping, street furniture or streetscape improvements outside of the boundaries of the District, nor will District promotional efforts promote activities outside of District boundaries. All District programs are intended to promote commercial vitality, and to attract and retain new business within the District.

Parcels outside of the District that are in residential use will not specially benefit from District Services because the Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these residential parcels will be physically remote from the Services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. Furthermore, homes, apartments and other structures solely used as residences, and outside of the commercial area encompassed by the District, will not specially benefit from the marketing and policy-making services that will be geared towards the commercial use parcels within the District. These services will be marketing the office, retail, and multifamily residential opportunities in the District, not the residential opportunities outside of it. Additionally, the State Law conclusively presumes that parcels zoned solely for residential use receive no special benefit from programs and services funded under it.

Parcels outside of the District that are in commercial, community service, or parkway landscape use will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial, community service, or parkway landscape parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These commercial, community service, or parkway landscape parcels are best understood as parts of other commercial or residential Districts that surround the Westchester Town Center, not as part of this District.

Parcels outside of the District that are airport-related will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial and community service parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These airport-related parcels, principally fenced parking, industrial, and landscaping parcels, are best understood as part of the Los Angeles International Airport complex that extends far to the South of the District, and not as part of the District itself. The airport is a regional facility, with services that are geared towards the inter-regional movement of persons and cargo. The airport conducts extensive outreach and marketing independently of the Westchester Town Center. Moreover, District marketing and policy making services will provide no special benefits to these parcels because they will: (i) be geared towards the commercial use parcels within the District, (ii) attempt to create an identity for that District, and (iii) not directly promote the airport.

The following narrative explains how specific boundary locations were determined.

Northern Boundary

- The Northern boundary of the District to the East of Sepulveda Boulevard beginning at the NEC of Sepulveda Boulevard and Manchester Avenue extends east along Manchester Avenue to the SWC of La Tijera Boulevard. It includes the medical office building and the commercial zoned parcels fronting on the South side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the North. Parcel 4107-035-017, which is included in the District, is a multi-story medical office building. A small ancillary residentially zoned parcel 4107-035-018 is included within the District and not assessed. A service station is located on 2 parcels on the NWC of Manchester Avenue and La Tijera (i.e. outside the District) but is not apart of the pedestrian oriented shopping district and is best understood as an arterial oriented use. An R2 zoned church use is located on the NEC of Manchester Avenue and La Tijera Boulevard that is not apart of the pedestrian oriented shopping district and is best understood as apart of the surrounding residential community. All other parcels located North of the District boundary (i.e. outside of the District) are developed with single-family residences, and zoned solely residential, which will not specially benefit from District activities and services. All parcels located within the District will specially benefit from its activities and services. No services will be provided outside of the District's boundaries.
- The Northern boundary of the District to the West of Sepulveda Boulevard beginning at the NWC of Sepulveda Boulevard and Manchester Avenue extends east along Manchester Avenue to the SEC of Sepulveda Westway. It includes the commercially zoned restaurant and auto service use parcels parcels 4108-019-028 and -029 and the commercial zoned parcels fronting on the South side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented

shopping district, and to exclude all residential parcels to the North. Parcels to the North and West of the District boundary (i.e. outside the District) are zoned solely residential or are developed as multi-family residential or parkway landscaping uses. These parcels are best understood as being part of a separate residential neighborhood to the North or West of the District. They will not specially benefit from District activities or services and are therefore not included in the District. All parcels located within the District will specially benefit from its activities and services. No services will be provided outside of the District's boundaries.

Eastern Boundary.

- The Eastern boundary of the District continues at the SWC of Manchester Avenue and La Tijera Boulevard and extends Southwest along La Tijera Boulevard to its intersection with Sepulveda Eastway. It includes all corners of this intersection including: the commercially zoned parcels to the Northwest and West of La Tijera Boulevard; and the R-4 zoned parcel 4123-006-025 to the Southeast of the intersection of La Tijera Boulevard and Sepulveda Eastway. This boundary was selected to include the commercially zoned parcels that function as a pedestrian oriented shopping district, and to exclude residential parcels to the East and Southeast. The parcels located East of the intersection of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) are commercially zoned but not apart of the pedestrian oriented district and are best understood as arterial oriented uses. The parcels located Southeast of the intersection at Manchester Avenue and La Tijera Boulevard are single-family residential homes, zoned solely residential, which will receive no special benefit from District operations. All parcels located within the District will specially benefit from its activities and services. No services will be provided outside of the District's boundaries.
- The Eastern boundary of the District continuing at the intersection of La Tijera Boulevard and Sepulveda Eastway extends South along Sepulveda Eastway to the NEC of its intersection with Sepulveda Boulevard. This boundary was selected to include the commercially zoned parcels to the West that function as a pedestrian oriented shopping district. It also includes the R4 zoned multifamily apartment use 4123-006-012 and recreational use 4123-006-026, manufacturing zoned office use 4124-002-001, and fenced airport related parking lot 4124-002-916. The boundary was selected to exclude residential parcels to the East and non-contiguous airport use parcels to the East and Southeast. Single-family residential homes located to the East are zoned solely residential, which will receive no special benefit from District operations. All parcels located within the District will specially benefit from its activities and services. No services will be provided outside of the District's boundaries.

Southern Boundary.

- The Southern boundary of the District continues from the NEC of the intersection of Sepulveda Eastway and Sepulveda Boulevard and extends West along the South and West boundaries of parcel 4122-024-916, which is a developed park site that attracts visitors to the District and is therefore included within the

District, to Sepulveda Westway at its intersection with 92nd Street. This boundary was selected to include the commercially zoned parcels to the North that function as a pedestrian oriented shopping district. All parcels located within the District will specially benefit from its activities and services. No services will be provided outside of the District's boundaries.

Western Boundary

- The Western boundary of the District continues from the intersection of Sepulveda Westway and 92nd Street and extends North along Sepulveda Westway to Westchester Parkway then West along Westchester Parkway to La Tijera Boulevard, then Northeast along La Tijera Boulevard to Sepulveda Westway, including parcel 4122-022-928, then North along Sepulveda Westway to the SWC of Sepulveda Westway and Manchester Avenue at which point it intersects the Northern boundary. The Western boundary of the District along Sepulveda Westway, Westchester Parkway, and La Tijera Boulevard was selected to include all commercially zoned properties that function as a pedestrian oriented shopping district, and to include the fenced airport-related parcel 4122-022-928 located further West. This airport-related parcel is master planned for development as a mixed use commercial business park and is contiguous with the Westchester Town Center commercial area. Parcels beyond the boundary are airport-related parcels but are not presently connected with the Westchester Town Center commercial area and therefore have not been included within the District boundary. The Western boundary of the District along Sepulveda Westway North of 88th Street was selected to include all commercially zoned properties located within one (1) block of the Sepulveda Boulevard commercial corridor, and exclude all residential properties in residential use. Parcels to the West of the District boundary are zoned solely for residential use and developed with single-family residences (APN 4122-002-002 through -003, -008, -014, -017 through -018, -020 through -022, -024 through -027; and APN 4122-003-015 through -016). All parcels located within the District will specially benefit from the activities and services of the District. No services will be provided beyond the District's boundaries.

Finding 2: "Separate the general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable." (From Section 4(a)).

Proposition 218 defines "special benefit" to "mean a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute 'special benefit.'" The Services of the District are designed to provide targeted benefits to specific parcels. These services are tailored to confer special benefits on particular parcels, not the general public. For example, the proposed ambassador program is targeted to focus on services of interest to commercial property-owners and their tenants (aiding pedestrians seeking directions to business locations, watching out for conditions endangering the security and safety of businesses and their customers). Similarly, the

proposed maintenance program is focused on sidewalk cleaning, trash removal, graffiti removal, and cleaning at the properties that are assessed. Marketing and promotions efforts of the District are targeted to increase economic activity within the assessment area. No District services will be provided outside the District boundaries.

The proposed District Services provide, at most, *de minimus* general benefits (benefit to properties in the surrounding community, to the public, or to persons and property generally). The District funds services over and above those already provided by the City within the boundaries of the District. These services are provided only to the properties within the District, not to the public at large. General benefits, if any, to the surrounding community and the public in general are *de minimus*, intangible and unquantifiable.

The improvements and activities (ambassador, maintenance, cleaning, beautification, marketing, promotions, etc) to be provided by the District are designed to meet specific needs of the property owners to improve business within the District area and provide special benefits to the properties. Improving the business environment supports the goals and objectives established by the property owners in creating the District. The City of Los Angeles will continue to provide police protection, maintenance services, and social services within the District area to the extent that the City provides these services elsewhere throughout the community.

No parcels zoned for solely residential use have been assessed within the District.

Finding 3: “[Determine] the proportionate special benefit derived by each parcel in relationship to the entirety of the... cost of public improvement(s) or the maintenance and operation expenses...or the cost of the property related service being provided.” (From Section 4(a)).

Parcels in the District will benefit from the Services provided in connection with the District because these Services are designed to increase pedestrian and automobile traffic and building occupancies thereby increasing demand for and utilization of retail and commercial property within the District. The services are intended to transform the District into a safe, vibrant, extended-hour community.

Three factors (lot size, improvement size, and street frontage) were chosen to calculate the special benefit allocable to each parcel in the District.

Lot size is a measurement both of the potential for future development on a parcel to meet customer and tenant demand, and of the present capacity of the parcel's street level areas to accommodate customers and tenants. Street level space benefits strongly from business improvement district services and improvements because such space is more readily used for retail space, lobby services, and surface parking facilities that are especially sensitive to increases in customer demand.

The size of the improvements on a parcel is a measurement of the capacity of that parcel to currently serve the demand of customers and of retail, commercial and residential tenants.

Frontage is a vital measure because it indicates the amount of the parcel that is directly accessible to and visible from the street. The more frontage a parcel has, the larger the area of sidewalk is in front of the parcel to be patrolled and cleaned in connection with District services. Parcels with larger frontages derive high levels of benefit from programs designed to increase pedestrian foot traffic (such as ambassador programs) because frontage is a measure of the capacity of a space to see and be seen from the street, which is especially important for retail and similar uses generally located at street level.

Because Sepulveda Boulevard is the pedestrian hub of the area (and will be a focus of ambassador, maintenance, and cleaning services), a parcel with frontage on this street derives a higher level of benefit than does an otherwise similar parcel fronting on another street in the District. Parcels fronting on Sepulveda are relatively closer to the Sepulveda focus-area and are more reliant on pedestrian access via Sepulveda. Therefore, they benefit more intensely from the services.

Combining these three factors gives a far better picture of the benefits than could be derived from just one or two of the factors. Because no one of these factors is more important than the others, and each factor is critical to the overall benefit calculation, each factor is weighted equally in quantifying the benefits any particular parcel would receive.

Three types of parcels require special analysis in order to avoid overstating the benefits they receive.

Parcels accessible from the District and used exclusively for *Long Term Airport Parking* will be assigned benefits based solely on parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking is a not ancillary to other land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Fenced Vacant Lots will be assigned benefits based solely on street frontage. For purposes of this paragraph, a “fenced vacant lot” is a parcel meeting both of the following criteria: (i) the parcel has no permanent improvement square footage and (ii) the parcel is fenced from public access from within the District. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage purposes are: (i) a unique low density use; and, (ii) benefit from street frontage maintenance services, but not more generally from activities designed to attract visitors and customers to the District.

Multifamily Residential parcels will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

The Special Benefit & Assessment Analysis section of this Report discusses the exact formula used to calculate the benefits.

Finding 4: "No assessment ...shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s)." (From Section 4(a)).

The total amount to be assessed will not exceed the estimated reasonable cost of the program. Because each parcel will be assessed in proportion to its share of the total benefit created by the program, no assessment will exceed the reasonable cost of the proportional special benefit conferred on the parcel.

Finding 5: "Parcels...that are owned or used by any (public) agency shall not be exempt from assessment." (From Section 4(a)).

All parcels owned by public agencies will be assessed at the same rate as private parcels of the same size, location and use. This includes the parcels in the District that are owned by the City of Los Angeles. The methodology for these assessments is set forth in Finding 4.

The publicly-owned parcels in the District are listed below:

CITY of LOS ANGELES PARCELS

	APN #	Address	Owner	Total PBID Assessment
1	4122-022-928	N/A per Assessor Data	LA City	\$3,331.03
2	5547-026-900	N/A per Assessor Data	LA City	\$4,728.86
3	5547-026-901	N/A per Assessor Data	LA City	\$1,887.07
		City of Los Angeles (3.31% of total assessments)	Sub Total	\$9,946.96

Finding 6: "All assessments must be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California." (From Section 4(b)).

This report is the "detailed engineer's report" to support the assessments proposed to be levied within the Westchester Business Improvement District.

Special Benefit & Assessment Analysis

A six (6)-step process for determining Westchester Town Center assessments has been used as delineated below.

Step 1: Select "benefit units."

Because the assessment against each parcel must reflect the special benefit that parcel derives from the District's programs and activities, the first step in designing an assessment methodology was to assign "benefit units" to different attributes of parcels. The assignment of benefit units reflects the relative levels of benefit discussed in "Finding 3", above. Thus, for example, because it has been determined that a linear foot of street frontage on Sepulveda Boulevard will derive twice as much street frontage benefit as a linear foot of frontage on any other street in the District.

There are three types of benefit units:

A. Lot Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Lot Benefit Unit for each square foot of the parcel's surface area. Each parcel fronting on any other street located in the District was allocated .5 Lot Benefit Unit for each square foot of the parcel's surface area. No Lot Benefit Units are assigned for Fenced Vacant Lots.

B. Building Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Building Benefit Unit for each square foot of improvements. Each parcel fronting on any other street located in the District was allocated .5 Building Benefit Units for each square foot of improvements. Multifamily Residential Parcels are assigned one-half of the Building Benefit Units that would otherwise be assigned. No Building Benefit Units are assigned for Long-Term Airport Parking Parcels or Fenced Vacant Lots.

C. Frontage Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Frontage Benefit Unit for each linear foot of the parcel's frontage on Sepulveda Boulevard. Each parcel

fronting on any other street located in the District was allocated .5 Frontage Benefit Units for each linear foot of the parcel's frontage on any other street located in the District.

Step 2: Calculate the benefit units for each property.

The number of each type of benefit unit allocated to each identified benefiting parcel within the Westchester Town Center was determined from data obtained from the County of Los Angeles and third party real estate data service providers. These data sources provide Assessor Parcel Numbers, ownership, address, parcel size, gross building size, street front footage, and other needed information. This data provides a basis for calculating property-based assessments. All relevant data being used in assessment calculations has been provided, or attempted to be provided, to each property owner in the District for their review. All known or reported discrepancies or errors have been corrected.

Step 3: Quantify total basic benefit units.

In aggregate, there are 1,655,416 Lot Benefit Units; 1,120,144 Building Benefit Units; 13,116 Frontage Benefit Units.

Step 4: Calculate "Basic Benefit Unit Cost" for special benefits.

The annualized cost of the services and improvements to be provided by the District during 2012 is \$306,606 per year (before inflation adjustments). \$100,201.98 of these costs will be allocated based on Lot Benefit Units; \$100,201.98 based on Building Benefit Units; and \$100,201.98 based on Frontage Benefit Units.

The cost per benefit unit is therefore as follows:

A. Lot Benefit Units:

$$\$100,201.98 / 1,655,416 = \$0.0605 \text{ per Lot Benefit Unit}$$

B. Building Benefit Units:

$$\$100,201.98 / 1,120,144 = \$0.0895 \text{ per Building Benefit Unit}$$

C. Frontage Benefit Units:

$$\$100,201.98 / 13,116 = \$7.6400 \text{ per Frontage Benefit Unit}$$

Step 5: Determine Assessment Formula.

Combining the calculations from Steps 1 and 4, the assessment formula is therefore:

District assessment formula (for most parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0895 X square feet of improvements on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$0.0447 X square feet of improvements on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Multifamily Residential Parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0447 X square feet of improvements on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$0.0224 X square feet of improvements on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Long Term Airport Parking Parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Fenced Vacant Lots)= (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$3.8200 X linear feet of frontage on any other street).

Step 6. Spread the Assessments

The resultant assessment spread calculations for each parcel within the District are shown in an attachment to the Management District Plan and were determined by applying the District assessment formula to each benefiting property. This list of all identified benefiting parcels in the District area delineates each parcel and benefit units for parcel area and linear street frontage along Sepulveda Boulevard and benefit units for parcel area, gross building area, and linear street frontage along Sepulveda Boulevard and other streets.

During the ten-year effectiveness of the District, it is likely that some parcels within the District will be developed with additional commercial improvements or will see the demolition of existing improvements. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in Step 5 on Page ER-10. Pursuant to Government Code Section 53750(h)(3), such recalculation does not constitute an “increase” of assessment that requires the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula is itself changed.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Engineer's Certification

Review of this Management District Plan and preparation of the Engineers Report was completed by:

Robert Merrell, P. E.
State of California
Registered Civil Engineer No. 28100

INSERT ASSESSMENT CHART